

VZCZCXRO7944
PP RUEHCN RUEHGH
DE RUEHIN #1044/01 1980631
ZNR UUUUU ZZH
P 160631Z JUL 08
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC PRIORITY 9519
INFO RUEHBJ/AMEMBASSY BEIJING 8455
RUEHGH/AMCONSUL SHANGHAI 2160
RUEHCN/AMCONSUL CHENGDU 2777
RUEHSH/AMCONSUL SHENYANG 6735
RUEHGZ/AMCONSUL GUANGZHOU 1346
RUEHHK/AMCONSUL HONG KONG 9678

UNCLAS SECTION 01 OF 03 TAIPEI 001044

SIPDIS

SENSITIVE

DEPT FOR AIT/W, EAP/TC, INR/EAP

FROM AIT KAOHSIUNG BRANCH OFFICE

E.O. 12958: N/A

TAGS: [PGOV](#) [TW](#)

SUBJECT: SOUTHERN TAIWAN DPP "YOUNG TURK" INSISTS DPP POLITICAL
FORTUNES ON THE RISE

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

¶1. (SBU) Summary: In his July 9 meeting with DIR, popular DPP Kaohsiung County Magistrate Yang Chiu-hsing praised new DPP Chair Tsai Ing-wen despite some drawbacks and predicted DPP gains in 2009 county and mayoral elections. Lamenting the last two years of President Chen's administration as a lost opportunity, Yang derided Chen's public obsession with Taiwan sovereignty issues but suggested Chen could reemerge as a political force if the courts cleared him of corruption charges. Yang criticized the new KMT administration's tilt towards the PRC, commenting that Ma's government was overestimating the economic impact of direct cross-strait links and Chinese tourists. Yang remained coy about his own future plans after he completes his final term as magistrate, but some local DPP contacts hope Yang will run for Kaohsiung City Mayor if current Mayor Chen Chu's fragile health falters. End Summary.

Magistrate Yang: DPP "Young Turk"

¶2. (SBU) During his July 9 visit to Kaohsiung, DIR Young met with DPP Kaohsiung County Magistrate Yang Chiu-hsing, considered one of the leading "young turks" of the DPP's post-President Chen Shui Bian generation. Known for his energetic governance and passion for environmental causes, Yang has earned poll ratings among the highest of any major DPP elected official island-wide. Although personally committed to the DPP's "Taiwan identity" focus, Yang in public has cut a more centrist figure, for example strongly supporting the less strident Tsai Ing-wen as DPP party chair as the most effective strategy for the DPP to recoup its lost power. Yang will finish up his second and final term in December 2009 and is being touted as a possible DPP candidate elsewhere in southern Taiwan, including for the 2010 mayoral seat in next-door Kaohsiung City, if DPP incumbent Chen Chu opts out.

DPP in 2009: Rising Fortunes

¶3. (SBU) In his meeting with DIR, Yang insisted that the DPP's fortunes were on the rise. New DPP Chair Tsai Ing-wen was well placed to reinvigorate the DPP, he explained, because she was relatively young, not beholden to any faction and experienced in government. Furthermore, her clean reputation would attract moderate and young voters that had tilted towards the KMT in March's Presidential election. Her main drawbacks were limited ties to the party (she joined the DPP just four years ago), a lack of campaign experience and insufficient time spent at the grass roots. Yang applauded Tsai's efforts to refill depleted party coffers and promised that the DPP in Kaohsiung County would meet its fundraising

quota.

14. (SBU) Yang predicted that rising prices and Taiwan's faltering stock market would increase public dissatisfaction with the KMT government. If this trend continued, Yang stated, the DPP would do well in 2009 "3-in-1" county and mayoral elections. He expressed confidence that the DPP would not only hold on to its current seats in Tainan City and County and in Kaohsiung, Pingtung and Chiayi Counties but would also take Yilan and Nantou Counties from the KMT. Only Chiayi City would be difficult to win, Yang assessed, since the current KMT mayor there was governing in a non-partisan manner, focusing on family ties and constituent services.

Chen Presidency: Lost Opportunity

15. (SBU) Looking back on Chen Shui-bian's Presidency, Yang explained that President Chen had lost an opportunity over the last two years by failing to deal effectively with the PRC. The DPP already believed that Taiwan was a sovereign country, Yang explained, but it was not constructive for Chen to focus solely on national sovereignty questions. Recent polls indicated that most voters support the status quo and only a small minority favor independence or unification. Therefore, Yang went on, the party should accept the public's verdict, stick with the status quo, and let time solve the cross-Straits problem. Yang stated that President Chen "talked too much and too frankly." The deep green had hijacked Chen towards the end of his term, he stressed, and put the party at a severe disadvantage during the 2008 election season.

16. (SBU) Nevertheless, Yang underscored, Chen remained the DPP's

TAIPEI 00001044 002 OF 003

most influential force because of his strong grass-roots support. Yang expressed confidence that the courts would find Chen innocent of corruption charges. Once that happened, Yang explained, voters would start to feel sentimental about DPP rule and reassess Chen's Presidency, which would allow Chen to reemerge publicly in several years and affect the DPP's 2012 Presidential nomination process. Looking ahead to the 2012 election, Yang predicted that 2008 DPP Vice Presidential nominee Su Tseng-chang would be the DPP candidate and Tsai Ing-wen would be his running mate.

KMT: Old Familiar Faces

17. (SBU) On the new KMT government, Yang claimed that voters were already questioning the KMT's economic stewardship and losing confidence in Ma's cabinet. He said they had noticed the advanced age of some of Ma's ministers (Premier Liu is 65 and Straits Exchange Foundation (SEF) Chairman P.K. Chiang is 76) and the prevalence of old KMT government officials from eight years ago. Agreeing with DIR's comment that KMT unity was fracturing with the election over, Yang remarked that the Executive and Control Yuan nomination imbroglio had exacerbated tensions between Ma and KMT Chair Wu and that Ma's problems with LY Speaker Wang Jin-pyng were long standing.

18. (SBU) Yang speculated that if Ma tried to reverse his declining poll ratings in southern Taiwan by conducting another "long stay" campaign, the tactic might backfire. Yang stated he even doubted the sincerity of Ma's original "long stay" campaign last autumn, suggesting it was motivated more by a desire to fend off accusations of spending too much time in the office ("zhai-nan") rather than a genuine interest in understanding the economic needs of southern Taiwan.

19. (SBU) Recounting that Ma had recently invited southern mayors and magistrates to Taipei for a "tea party" discussion, Yang related that most of the discussion involved local officials asking Ma for more resources. Yang said he was the only participant who raised political issues, which included him reminding Ma of Ma's campaign promise that Taiwan's people would control Taiwan's future. Yang said he argued to Ma that direct cross-Straits links jeopardized such control and signaled a KMT willingness to relinquish Taiwan's sovereignty. Yang lamented that other magistrates did not follow

his lead, preferring instead to ask for money. At least, Yang acknowledged, Ma would probably agree to continue convening these tea parties as long as the invitees did not pressure him on politics too much.

PRC Tourists: Not a Panacea

110. (SBU) Criticizing Ma's government for leaning too much towards the PRC, Yang stated that the influx of PRC tourists stemming from direct cross-strait links would do little to boost Taiwan's economy.

PRC tourist numbers were too limited, he explained, and their purchasing power was too low. Yang said he had heard that some local stores would not welcome PRC tourists since they were "too noisy." He also suggested that PRC tourists would drive away high-spending Japanese tourists, relating that one local hotel manager told him that noisy PRC tourists forced him to put Japanese tourists on separate floors. Yang claimed that this phenomenon (PRC tourists driving away Japanese tourists) had already materialized in the Philippines.

111. (SBU) Yang insisted that Ma's government had overstated the impact of direct cross-strait flights. Over the first weekend of direct flights, he pointed out, many more Taiwanese than mainlanders had taken those flights. Yang stressed that while other magistrates and mayors were actively soliciting Chinese tourists, he would not go out of his way to do so. Chinese tourists were not a panacea for Taiwan's ailing economy, he underscored. Increased numbers from the PRC might even bring problems, like pandemic diseases, fake marriages and human smuggling.

Yang's Future: Maybe Not in Kaohsiung City

112. (SBU) Asked by DIR about his future political plans, Yang demurred, noting that it would be difficult for him to run elsewhere, since most counties and cities already had strong

TAIPEI 00001044 003 OF 003

potential DPP candidates from those local areas. Current DPP Tainan City Mayor Hsu Tien-tsai might run for Tainan County magistrate, but he would have to overcome several local DPP candidates. DPP Legislator Lai Ching-te was already a strong candidate for the seat Hsu would be vacating in Tainan City. Yang predicted that Kaohsiung City Mayor Chen Chu would take advantage of her incumbency to run for reelection in 2010 but questioned whether her fragile health was up to the demands of a vigorous campaign.

Comment

113. (SBU) When Mayor Chen's poll ratings were lagging earlier this year, Yang's backers had eagerly promoted him as the stronger candidate to run against an invigorated KMT in Kaohsiung City in 2010. If Yang's supporters persist, the local DPP "New Tide" faction to which both Chen and Yang belong could split, paving the way for a strong KMT candidate to continue the KMT's surprising winning streak in Kaohsiung City. If Yang's supporters back down, Chen will fully enjoy the incumbent's edge, especially if Kaohsiung pulls off a successful World Games in 2009 and the city's economy begins to pick up steam. Nevertheless, both our local DPP and KMT contacts are keeping a close watch on the mayor's health, and Chen's detractors are likely to pounce on any sign that her lingering health problems may hinder a strong campaign. End comment.

CASTRO

YOUNG